Ranking Member
Mike Enzi
Senate Committee on Health, Education, Labor and Pensions

For Immediate Release

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ENZI INTRODUCES BILL TO HOLD BAD ACTORS ACCOUNTABLE IN STUDENT LOAN INDUSTRY, PROTECT STUDENT BORROWERS

Washington, D.C. –U.S. Senator Mike Enzi (R-WY), Ranking Member of the Senate Health, Education, Labor and Pensions (HELP) Committee, today introduced a bill he said will protect students and their families by making sure that the colleges, lenders, and loan guaranty agencies that provide student loans are held accountable to a lender's code of conduct.

"Students rely on financial advisors at their schools to provide them honest, unbiased advice about the loans that will affect their lives for years to come," Enzi said. "This bill will safeguard and protect student borrowers by requiring schools, lenders, and guaranty agencies to abide by an ethical code of conduct that abolishes the potential for conflicts of interest that exists today."

"In this era of rising college costs, it is more important than ever to make sure that the colleges, lenders and guaranty agencies that provide student loans to help pay for college operate in a fair, accountable and transparent manner," Enzi said. "If students and families are to make informed decisions about how to pay for college, they must have clear, accurate, comprehensive information on which to base their decisions."

Enzi emphasized that the bill will establish a Code of Conduct for institutions of higher education that prohibits colleges and their employees from receiving anything of value from any lender in exchange for competitive advantages sought by the lender. The prohibition applies not only to gifts and trips, but to compensation for service on advisory boards and consulting contracts.

The bill, the "Student Loan Accountability and Disclosure Reform Act," is cosponsored by Senator Lamar Alexander (R-TN), Senator Wayne Allard (R-CO), Senator Richard Burr (R-NC), Senator Johnny Isakson (R-GA), Senator Lisa Murkowski (R-AK), and Senator Pat Roberts (R-KS).

(More . . . more)

Key provisions include:

- Establishing a Code of Conduct for institutions of higher education that prohibits colleges and their employees from receiving anything of value from any lender in exchange for advantages sought by the lender;
- Prohibiting institutions of higher education from designating “preferred lenders;”
- Requiring colleges to provide students and parents with a guide that enables them to do their own evaluation of the loan products, benefits, and services offered by the lenders;
- Requiring an annual attestation of college compliance by a high level college official with the Code of Conduct;
- Expanding prohibitions on guaranty agencies and lenders, including provisions that prohibit the offering of any premiums, payments, prizes, and tuition payments;
- Prohibiting both lenders and guaranty agencies from sending unsolicited electronic mailings to potential borrowers; and,
- Phasing out the ability of colleges to act as lenders in the Federal Family Education Loan program, a provision commonly referred to as “school-as-lender.”

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